

# UNCLAIMED PROPERTY NEWS



## REMINDER FOR UNCLAIMED PROPERTY REPORTS DUE NOVEMBER 1

Important changes to the law may change how you report unclaimed property as follows:

- Abandonment period changes from five years to three years for many property types.
- Unclaimed gift certificates and cards must be reported with your November 2004 report.
- Starting with the report due November 2005, holders may retain unclaimed gift certificates if they follow specific rules.

## NEW ABANDONMENT PERIOD

The new law reduces the abandonment period from five years to three years. Therefore, your 2004 report will need to include any unclaimed property issued between July 1, 1998, and June 30, 2001. Below are the property types reduced to a three-year abandonment period. The sections relate to Chapter 63.29 RCW. The two exceptions are safe deposit box contents and money orders which remain at five-year abandonment.

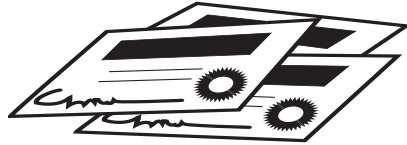
Section	Description	Abandon Period Effective Report (11-1-2004)
.020	General property not specified in other sections	3 years
.050	Cashiers checks & official checks	3 years
.060	Savings, checking, and time deposits	3 years
.070(1)	Life insurance funds	3 years
.100	Underlying shares, DRP's, and mutual funds	3 years
.120	Funds held by fiduciaries and agents	3 years
.140	Gift certificates and credit memos	3 years

## What's Inside

- Information on Gift Certificates and Gift Cards for Holders/Businesses
- Electronic Reporting Options
- Contact Information
- Questions to UCP Mailbox

## GIFT CERTIFICATES AND GIFT CARDS

The legislation relieves businesses (holders) from the obligation of reporting unredeemed gift certificates as unclaimed property if sold after July 1, 2004. The law also protects consumers of gift certificates and cards by prohibiting expiration dates, service fees, and dormancy or inactivity charges on gift certificates or cards.



The term gift certificate is defined to include gift cards. Gift cards are subject to the recent law changes.

## HOLDERS/BUSINESSES

The new legislation provides that gift certificates sold after July 1, 2004, may be retained by the business and are no longer reportable as unclaimed property. However, gift certificates issued after July 1, 2004 shall no longer contain:

- an expiration date,
- a dormancy or inactivity charge; or
- a service fee.

Companies must report any unredeemed gift certificates that were issued prior to July 1, 2001. To facilitate the transition from reporting unclaimed gift certificates to the new rules, gift certificates sold July 1, 2001, and after may be retained if the company follows the new rules when dealing with customers.

The matrix below was created to assist holders in determining their Unclaimed Property reporting requirements for gift certificates.

### Exceptions to the rule:

1. If a company issues gift certificates to a charitable organization for use as fundraising, the donated gift certificates may have an expiration date, but it must be at least one year.
2. Gift certificates issued for loyalty or award programs where no cash or other item of value is exchanged may have expiration date.

Gift Certificates		
Issued Prior to 7/1/2001 (Reportable 11/1/2004)	Issued 7/1/2001 to 6/30/2004 May be retained if:	Issued 7/1/2004 and after
All unclaimed gift certificates must be reported to Unclaimed Property.	New provisions are honored on reportable gift certificates. Failure to follow provisions creates reporting requirements.	Retained by company but must be reported if the company dissolves or goes into bankruptcy.
Amount reportable is price paid by the owner, no inactive charge or service fee permitted against reported accounts.	No dormancy or inactivity charge or service fee is charged against customer.	No charges or fees permitted.
No requirement to refund customer unused portion, though unused portion still remitted to Unclaimed Property.	Customer may request cash refund if balance is \$5 or less.	Customer may request cash refund if balance is \$5 or less.
Expiration date may be applied against customer but does not prevent abandonment (63.29.290).	Expiration date is not enforced against customer.	No expiration date permitted.

3. Reloadable gift cards with balances of \$5 or less may be charged a \$1 per month inactivity fee after 24 months of inactivity if noted on the certificate.
4. A three-year expiration date may be enforced on gift certificates issued by artistic or cultural organizations if noted on card.
5. Gift certificates donated to charity for use by the charity in fundraising activities may have an expiration date.

## ELECTRONIC REPORTING — EASY OPTIONS FOR EVERYONE

Currently, there are several options available to holders for electronic reporting. The primary requirement to report electronically is that your information is in the NAUPA format or must be convertible to the NAUPA format. Some examples include:



1. Electronic Spreadsheet Template available from our office
2. Holder Reporting System (HRS) offered as Free-ware by Wagers.net
  - Wagers & Associates, Inc.  
[www.wagers.net](http://www.wagers.net)
3. Many commercially available Unclaimed Property Reporting applications including:
  - ACS Clearinghouse  
[www.acsupch.com](http://www.acsupch.com)
  - Chase Mellon  
[www.chasemellon.com](http://www.chasemellon.com)
  - Checkfree  
[www.checkfree.com](http://www.checkfree.com)
  - Chesapeake System Solutions  
[www.chessys.com](http://www.chessys.com)
  - Freedom Group  
[www.freedomgroup.com](http://www.freedomgroup.com)

The list above is intended as an example of electronic reporting options. You will need to research for a complete list of commercial vendors.

If you only report a few names each year, you may want to try the HRS free software. We can also send our electronic spreadsheet template to you. Both are great solutions that will save you paper and make reporting easier.

The electronic spreadsheet template and instructions are available on our Internet site. Over the next year, we plan to offer training, software, and a variety of electronic reporting options for holders. Electronic reporting, while not yet required, is becoming increasingly important to ensure we promptly and efficiently process your report. Because of confidentiality requirements, we cannot accept reporting via e-mail.

## CONTACT US

Last year, we moved and changed our mailing address used by report filers. Please update your records with our new phone numbers and address information.

Department of Revenue  
Unclaimed Property Section  
PO Box 47489  
Olympia, WA 98504-7489

Below is other important contact information:

Toll Free (in Washington)	1-800-435-2429
Main Line (press '0' at any time)	(360) 705-6706
Fax	(360) 586-2163
Courier Delivery Address	

Washington State Department of Revenue  
Unclaimed Property Section  
ATTN: Cash Management  
6500 Linderson Way Room 227  
Tumwater, WA 98501

## GET ON THE A LIST

The Unclaimed Property Section provides a free listserv for holders. Participants have access to important reporting notices and receive e-mail when anything new occurs. Listserv participants are the first to know about important changes that affect reporting and upcoming educational events.

As we make future developments or recommend legislative changes, we may also ask listserv participants for feedback on proposed changes.

Examples of information sent to listserv members from last year include:

- Washington Unclaimed Property Law Change in August 2003
- 2004 Holder Workshops Schedule in January 2004
- Holder Education Workshops Update & Safe Deposit Box Auction in February 2004
- Local Government Workshop added in Everett in February 2004
- Olympia Holder Workshops added in July
- Financial & Business in April 2004
- Gift Certificate Law Change Special Notice in June 2004

It is easy to sign up and you can opt out at any time. You can find the link on our web page at: [http://ucp.dor.wa.gov/ucp\\_holderInfo.asp](http://ucp.dor.wa.gov/ucp_holderInfo.asp).

## FEEDBACK IS WELCOME

One of our major goals is to make reporting as simple as possible for holders. In addition to reporting publications and forms on our web site, we continually develop new innovations to achieve this goal. We also want your input on current problems or suggested improvements.



There is now an easy form on the main Department of Revenue web page where you can send feedback to us. Go to <http://dor.wa.gov/content/contactus/>. Click on the "Send us your

Complaints/Compliments" link. Additionally, you can always write us at [ucp@dor.wa.gov](mailto:ucp@dor.wa.gov).

## QUESTIONS TO THE UCP MAILBOX

Below are answers to some questions we received during the year to [ucp@dor.wa.gov](mailto:ucp@dor.wa.gov).

Q

When sending out a due diligence letter to the owner of a savings account, if the US Postal Service does not return the letter, does this constitute customer contact even if the customer does not respond?

A

Unreturned mail is not evidence of positive owner contact. Because of the nature of bank accounts, the law provides several examples of positive owner contact. Acceptable contacts include:

- a deposit or withdrawal from the account or a related account.
- communicating in writing with the financial institution.
- speaking to an employee of the institution about the account as evidenced by a record such as a comment on the account or memo prepared by the employee.

Q

From an internal control perspective, isn't it dangerous to reactivate a dormant bank account based on a phone call from someone claiming to be the owner?

A

Yes, we recommend that financial institutions require additional verification of the owner before reactivating their account. Regardless of how your institution decides to handle the scenario, it is a good idea to have a branch manager release as a dual control whenever you reactivate or post a transaction to a dormant account.



Q

For reporting purposes, what is the date of the last transaction? For construction contracts, is it the date of our last contact with the owner, their last contact with us, or something else?

A

The date of last transaction would normally be the date the property first became payable to the missing owner. For checks it would be the issue date. In the case of a contract performance guarantee, this would be the date the guarantee could be released to the contractor.

Q

Our unclaimed property person was out sick for several months. As a result, we've missed the notification window for this year. Can we



try to make late notification and file a report this year, or should we wait and report next year?

A

You may request an extension to report. We normally allow 60 days for due diligence. It is not a good idea to wait a year. Property reported late is subject to interest penalty calculated from the date payable until it is paid.

Q

We are preparing letters to be sent to our IRA customers and needed some clarification. On Roth IRAs, if we have had no contact with our customer for over three years, does the three-year abandonment period start at age 59 ½ or at the CDs first maturity after 59 ½?

A

The abandonment period would start three years after the owner reaches 59 ½ with no positive owner contact. Check to see if there is any related positive owner contact for the customer in another account with your institution.

Q

We received notification of a garnishment and began withholding from the employee's salary. This garnishment was complete in August 2002. We have notified the garnishment agency but have not had any response on whether we can release the funds. We have also notified the employee that we are still holding the funds and cannot release them until we received a release from the garnishment agency. Should we turn these over to unclaimed property as payroll?

A

If you are in contact with the employee, you should continue to hold the property and try to gain a release from the garnishment agency. Amounts in an active dispute are not subject to reporting. In the event you withhold a garnishment that can be released but you are unable to locate the employee, the property should be reported as wages after one year. You should age the funds one year from the date of release.

To reach the Unclaimed Property Section by telephone, please call:

In Washington State — 1-800-435-2429

Outside of Washington State — (360) 705-6706

Fax Number — (360) 586-2163

E-mail Address — [ucp@dor.wa.gov](mailto:ucp@dor.wa.gov)

UCP News is published by the Department of Revenue, Unclaimed Property Section

Comments and questions should be addressed to:

Department of Revenue, Unclaimed Property  
PO Box 47489, Olympia, Washington 98504-7489

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715.

Teletype (TTY) users please call 1-800-451-7985.



<http://dor.wa.gov>



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